

Julie Masters, Mayor
Charles Suderman, Mayor Pro Tem
Sean Skipworth
Walter Wilson

MINUTES
City of Dickinson
CITY COUNCIL AND
DICKINSON ECONOMIC
DEVELOPMENT
CORPORATION
SPECIAL JOINT MEETING

Wally Deats
Louis Decker
William H. King III
Chris Heard, City Administrator

June 16, 2020

The Dickinson City Council and Dickinson Economic Development Corporation met in a duly called and announced **SPECIAL JOINT MEETING** on **Tuesday, June 16, 2020**, at **7:00 p.m.** In accordance with order of the Office of the Governor issued March 16, 2020, the City Council of the City of Dickinson, Texas and Dickinson Economic Development Corporation conducted the meeting by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). The meeting was held for the purpose of considering the following items:

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

Mayor Masters called the meeting to order at 7:00 p.m. City Secretary Alun Thomas called roll and certified a quorum. Council Members present were as follows: Mayor Julie Masters, Mayor Pro-Tem Charles Suderman, and Council Members Sean Skipworth, Walter Wilson, Wally Deats, Louis Decker, and William H. King, III. Also present were City Attorney David Olson and City Administrator Chris Heard.

ITEM 2.) BRIEFING, DISCUSSION AND DIRECTION CONCERNING: City of Dickinson and Dickinson Economic Development Corporation Governmental Structure, Communication, and Projects.

Mayor Masters began the item by saying that nothing is in writing about how the two entities should interact and that both entities need to work together for the betterment of the citizens. The Dickinson Economic Development Corporation (DEDC), she said, is an arm of the City, and DEDC needs to support the City’s efforts. As such, the DEDC’s Chief Executive Officer (CEO) should not give direction to City staff; that is the role of the City Administrator. DEDC needs to work with the City Administrator to meet his needs, while realizing that he is busy. The gossiping between staff, the DEDC Board, and the City Council needs to stop; it is bad for the City and we need to lead by example. The agenda that DEDC prepared for this meeting needed to go through the City Administrator and not be aired in a public meeting.

President Donley said that DEDC has a lot of items that it would like to discuss, and it does not get the direction that it needs. DEDC has tried in numerous ways to help the City, such as through the sale of property, but then it hears later that the City Council does not approve of its actions.

Everything that DEDC does is for the betterment of the City. If it needs to have every action approved by City Council, it can, but the Board needs to be given that direction. Mayor Masters said that DEDC's budget is insufficiently specific, and the improvements to rectify that issue needs to come from the staff level. She said that the City staff has a lot of knowledge, and that knowledge can help DEDC better serve our citizens.

Council Member Wilson said that in the twelve years that he has been on Council, DEDC has never followed the directions of Council. DEDC, he said, was not and is not autonomous; it needs to adhere to each of the City's directions and it needs to be good stewards of taxpayers' money. Council Member Wilson expressed his concern about DEDC's property holdings, remarking that its property near City Hall has a leaking roof that needs to be repaired, and that the property should not have been bought. DEDC, he said, should not be in the property business, and DEDC's employees are City of Dickinson employees. Council Member Wilson said that he supports the City taking control of economic development instead of leaving it to DEDC, and he supports getting rid of DEDC entirely. At the least, the bylaws for DEDC need to be changed, and to the satisfaction of City Council, not of the DEDC Board. DEDC should also not be paying money for the rent of office space when it owns property from which it can operate. For twelve years, City Council has had to repeatedly remove board members for not following City Council's direction.

Council Member Skipworth discussed the changes in the DEDC Board over the years, and the improvements that DEDC has made recently. Terminating the public market project, he said, was a wise step, and the past is the past; we need to move forward by considering bylaw changes and trying to make specific changes that both the City and DEDC could benefit from.

President Donley said that frequently properly repairing the railroad depot building was not cost-effective, and the office space that DEDC now rents was chosen with the intention of DEDC subleasing some of the spaces. The depot had mold throughout it and the request for mold remediation was addressed only by the City having the mold painted over. DEDC intends to sell the property with the leaking roof that is across the street from Roger's Malt Shop, which will address that concern of Council. Mayor Masters said that she was unaware that there was mold at the railroad depot. Council Member Skipworth commented that the Mayor's lack of awareness of the mold is indicative of the poor communication that is hurting the entities' relationships.

The Council and DEDC Board discussed in greater depth the maintenance costs at the railroad depot, noting that the City directed the repairs but that DEDC had to pay the bill. Council Member King asked why the DEDC Board, with access to the City Council and the City Administrator could not get that concern addressed. Both entities, he said, are working towards the same goal and should not waste time fussing at each other. Firing the whole

DEDC board has been tried a couple of times in the past but has not resulted in any meaningful difference in how the Board behaves. Board Member Bill Schick said that repeated attempts to address the concerns with the railroad depot building with the City Administrator over the course of over six months were simply left unaddressed by the City Administrator. Mr. Schick said that when the Board reaches out to members of City Council and they do not respond to their calls or emails, it does nothing to improve the relationship between the entities. Mayor Masters said that members of the DEDC Board should not speak with members of the City Council; both entities have staff for a reason, and many of the issues need to be resolved on a staff level. Council Member Deats agreed that there is room for more internal communication. In his opinion, the current board is one of the best that DEDC has ever had; the members have the right skills and intent, and DEDC CEO Scott Jones is a great CEO for DEDC – a go-getter with the right qualifications.

The City Council and DEDC then discussed the need for DEDC's bylaws to align completely with the City's policies. President Donley said the bylaws and operating agreements need to be updated. He discussed DEDC's bank accounts and spoke of DEDC's approximately \$270,000 in lost interest earnings due to the City unilaterally transferring its funds into a lower-interest account. City Administrator and DEDC Board Member Chris Heard left the meeting at 7:34 p.m. The City Council and DEDC discussed various options for how to improve their relationship through revising the DEDC's bylaws. City Administrator and DEDC Board Member Chris Heard returned to the meeting at 7:43 p.m.

By request from Council Member Deats, Mayor Masters elaborated on how DEDC and the City should work more on a staff level, saying that the two staffs should simply discuss and resolve most issues between them and not involve their respective governing bodies.

Council Member Suderman said that he completely agrees with Council Member Wilson's position. He questioned why DEDC has its own attorney rather than just using the City Attorney so that both entities receive the same legal advice. Mayor Masters questioned why DEDC recently hired a different attorney, asking if City Council now needs to review and approve a budget amendment for the change. Council Member Deats said that he sat in on a Dickinson Management District No. 1 (DMD#1) meeting wherein the Board to DMD#1 had been coached by City staff and encouraged by City staff to hire its own attorney. DMD#1 ultimately chose to hire the same attorney that DEDC used.

Board Member Dawn King spoke of the differences between DEDC and other City boards, stating that DEDC is supposed to be separate and is its own corporation. Its money, similarly, is its own; as noted in the City's most recent financial audit, the City is not allowed to use DEDC's funds for whatever it wishes. DEDC is its own entity, she said, that can be sued and that can expose its board members to personal legal liability. She spoke of

the importance of knowing that DEDC is doing the right thing. City Attorney David Olson said that the DEDC board is indeed special, but that its board members enjoy the same qualified immunity that other City employees do. Mr. Olson said that DEDC cannot just give money to the City for its General Fund, but that it is allowed to expend funds on many projects that might otherwise normally be paid for by the City. DEDC CEO Scott Jones explained how DEDC's ability to expend funds on different types of projects will change with the City's expected population increase to over 20,000 residents.

Council Member Decker said that the loss of interest revenue earlier discussed by President Donley is unacceptable. He also expressed his concern about mold in the railroad depot being merely painted over, noting that that is not an effective way to remediate the mold. Council Member Decker said that he opposes the proposed relocation of the formerly proposed public market to the DEDC-owned property on Hughes Road. He said that he is glad that the City and DEDC are sitting down to discuss the issues.

Board Member Chad Rankin said that policies are one thing, but that implementation is another. The implementation part of operations needs to be clear and easily followed. If City Administrator Chris Heard is also a Board Member of DEDC, he said, his unique dual role presents challenges for DEDC. When there are personality conflicts, he said, those policies need to allow for swift, effective, and cost-effective conflict resolution.

President Donley said that DEDC is working on its economic development plan, but to be able to execute its plans, it needs to have its funds available and not comingled with the City of Dickinson's funds. DEDC Attorney Kyle Dickson agreed, saying that DEDC's funds should be separate from the City's funds. Mayor Masters said that the funds are, and always have been, held and managed legally. The rumor of mismanagement, she said, is unfounded, unnecessarily detrimental to the relationship between DEDC and the City, and harmful to both entities' public image. DEDC CEO Scott Jones said that former DEDC Attorney Beverly West had expressed concerns over the City's management of DEDC's funds given the lack of an administrative services agreement between the entities, saying that it amounted to comingling of funds. City Attorney David Olson said that that is incorrect. City Administrator and DEDC Board Member Chris Heard said that the City would not have passed its financial audit if it broke the law. Council Member Deats left the meeting at 8:09 p.m.

City Administrator and DEDC Board Member Chris Heard spoke to the issues at the depot, saying that the City has invested \$100,000 into repairs at the railroad depot. The repairs, he said, were paid for by DMD#1. Council Member Deats returned to the meeting at 8:11 p.m. Mr. Heard said that he was busy at the time with other building projects that were going on, and that there was no formal landlord-tenant agreement, which he fixed. Former City Administrator Julie Robinson, Mr. Heard said, used DEDC's funds

essentially as an expense fund for projects that she deemed worthwhile. Mr. Heard said that he has now rectified this issue. Mr. Heard and Mr. Jones discussed DEDC's decision to move out of the railroad depot, with Mr. Jones stating that former DEDC Attorney Beverly West had tried without success to negotiate the railroad depot repairs with Mr. Heard. Mr. Heard noted that the negotiations did not even last six months before DEDC decided to move out. Board Member King left the meeting at 8:17 p.m. and returned at 8:20 p.m. Mr. Jones said that, at the legal advice of Ms. West, he did not participate in the negotiation of rent at the railroad depot, but that Ms. West's offer to the City of \$500/month rent was never responded to by Mr. Heard. Mr. Heard disputed the statement. Board Member Rankin left the meeting at 8:18 p.m. and returned at 8:20 p.m.

Board Member King said that Mr. Heard was not telling City Council or the DEDC board the truth about his actions during the rental negotiations. She said that he had actively pushed DEDC towards signing a sublease with the Dickinson Chamber of Commerce, and had spread that plan throughout the community without even consulting the Chamber. Because of that, the Chamber almost lost its lease on the building. Mr. Heard's assertions, Board Member King said, are factually incorrect. The DEDC board, she said, is not filled with troublemakers as Mr. Heard would have people believe, and that his statements paint a false picture; we need truth and we need to move forward without having a thirty minute conversation about what happened a year ago. When confronted, Ms. King said, Mr. Heard does not tell the truth. Mr. Heard disagreed.

DEDC agreed to provide City Council with a list of its property holdings. President Donley said that DEDC will sell all of its properties if the City Council so directs. Responding to a question about whether DEDC should own properties, Mr. Jones said that all of the economic development corporations for which he has previously worked have been involved in purchasing, improving, and selling properties. Council Member Wilson again spoke about the property near Roger's Malt Shop that has the leaking roof, and of the need for DEDC to sell the property rather than just hold onto the property and oversee its decline. Mr. Jones said that one of his first moves as CEO of DEDC was to get a contract on the Hughes Road property to sell it for its intended use – residential development. Council Member Wilson said that he had asked for DEDC to hold up that pending sale for a while. Previous boards of DEDC, Council Member Wilson said, have disregarded Council's direction. Mr. Jones said that this board is different, and it is looking to liquidate its holdings by selling properties for their proper and intended land use and to allow DEDC to expend the proceeds from such sales towards fulfillment of its statutory objectives. Council Member Deats asked for a listing of City-owned properties.

Mayor Masters expressed her concern that DEDC is working on a strategic plan independently from the City's upcoming revision of the Comprehensive Plan. Mr. Jones said that it is important that DEDC have a plan in place by the new fiscal year, with is a deadline that the City's Comprehensive Plan

cannot meet. Mr. Jones and Mr. Heard argued about Mr. Heard's authority over the directing the future use of the Hughes Road property, and whether Mr. Heard had provided Mr. Jones with timely information concerning his vision to use the property in part for a drainage project. Mr. Jones then stated that Mr. Heard had said that the City wanted the property to be developed as a commercial property with a navigable waterway, and that it not be used for residential purposes at all. The developer who has the contract on the property, Mr. Jones said, was surprised by the unexpected about-face by the City, and now needs to be assured that he can use the property for what he intended it for. President Donley said that Mr. Heard has difficulty expressing his opinions to DEDC and that the board should try to do a better job at listening to his thoughts. Council Member King said that Mr. Heard needs to better tailor his communication to meet the needs of those with whom he is communicating.

Council Member Skipworth suggested that City Council and the DEDC Board each select three members to participate in meetings to improve the issues that have been identified this evening. Mayor Masters disagreed with that approach and reiterated her desire to dispense with the negativity and move forward. President Donley said that he feels that the communication issues have been addressed, and he hopes that the relationship between DEDC and the City will improve going forward.

Mayor Masters said that she would like to see the City change its logo to improve its public image and asked for input on possible changes from those present. Mr. Heard said that the City has missed the time to include a new logo on the new concrete overpass scheduled for Interstate 45 at FM 517.

ITEM 3.) ADJOURN

Council Member Wilson made a motion to adjourn the meeting at 9:05 p.m., and Council Member Suderman seconded the motion. There being no discussion, Mayor Masters called for the vote.

VOTE:


6 AYES (Suderman, Skipworth, Wilson, Deats, Decker, King)

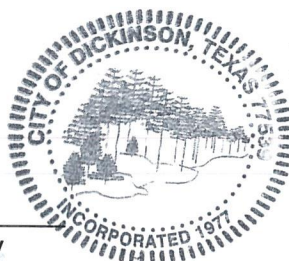
0 NAYS

MOTION PASSED

PASSED, APPROVED AND ADOPTED this the 23rd day of June, 2020.

ATTEST:


Alun W. Thomas, City Secretary




Julie Masters, Mayor